

NTCA Data Analysis
Major Assumptions in the Development of the
COBAK Impact Analysis

1. The COBAK Impact Analysis developed by NTCA and the industry extrapolation of those results is limited to rural telephone companies with study areas under 100,000 USF loops. The analysis does not show the complete impact on all rural telephone companies.
2. Current (2002) interstate and intrastate access revenues billed, and net settlement amounts were based on data received from the participating companies regarding access rates, access minutes, and settlement amounts for individual access rate elements.
3. COBAK impacts for individual companies were developed based on the following assumptions:
 - a. Loss of intrastate originating and terminating carrier common line switched access revenue.
 - b. Loss of interstate and intrastate originating and terminating local switching switched access revenue.
 - c. Loss of interstate and intrastate originating local transport revenue.
 - d. Loss of switched access revenues includes the loss of billed access revenues and net settlements from the NECA interstate pool and, in some cases, individual state pooling mechanisms.
 - e. New payments to tandem providers of an estimated \$0.006 per minute “market based” transit rate for transporting originating access traffic from the originating LEC facilities to the connecting tandem and the interexchange carrier (IXC) Point of Presence (POP).
 - f. Loss for some companies with state extended local calling plans of access or access-like revenues received for originating and terminating CCL, Local Switching, and originating local transport elements.
 - g. Reduction in payments for some companies with state extended local calling plans of access or access-like elements for originating and terminating, CCL, Local Switching, and originating local transport elements.
 - h. An estimated reduction of 50% of current special access revenues. This estimate is based on an estimate that 50% of special access revenue in rural companies is associated with services that were implemented to avoid per minute toll and/or switched access charges. It is estimated that with the implementation of a COBAK plan, these services would be changed from special access service back to toll service with a consequent reduction in special access revenue. (Data collected for special access did not separate it between interstate and intrastate, so this impact, shown as an interstate impact, encompasses the special access from both jurisdictions.)
4. Impacts for all sample companies within each of nine groups of companies by size, based on access lines, were combined to arrive at a total for that group.

5. The industry impacts for each element were developed by group by using a ratio of the USF loops for all rural telephone companies within that group to the USF loops for the sample companies within the group¹.
6. The total industry extrapolated impact was then developed by adding the total dollar impacts for each element from each of the groups.

¹ One of the four sample companies in the group between 50,000 and 100,000 lines was a company from Alaska that had a high amount of state net pool settlement dollars. The extrapolation for this element was adjusted to recognize that this was a unique situation that would not apply across the other companies in this group.